

# Annual Report 2002 of the Environmental Finance Center Network

Environmental Finance Center Network

2002 Annual Report

## EFC at the University of Southern Maine

**The EFC at the University of Southern Maine in Region 1 is focused on land protection and smart growth**

The EFC at the University of Southern Maine, housed in the Muskie School of Public Service, is the newest of the nine Finance Centers, and has a primary focus on land use issues. The New England EFC (NE/EFC) began its second year of projects in August 2002.

### ACCOMPLISHMENTS

#### Roundtable Series

In January through March 2002 the NE/EFC organized six Roundtable discussions, one in each New England state, each of which included residential developers, land trust representatives, municipal officials, housing finance officers, and other material participants. The goal was to identify obstacles to innovations in conservation/development projects in New

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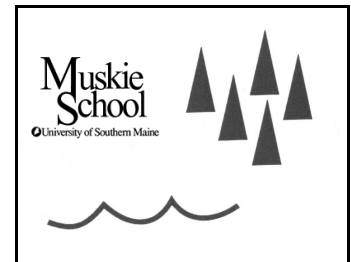
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England and specific tasks that might address these obstacles. Themes that emerged from the meetings are shaping the NE/EFC's responses to the needs of numerous EPA Region 1 constituencies.

Frustration was often heard from roundtable participants seeking to create smart development projects, because such innovations and their potential long-term

environmental benefits are often blocked by opposition to change. There are, however, numerous instances where needed development, smart

land use design, and land conservation and environmental protection are combined and supported by what would otherwise be contending interests. *The paradox of the environmental financing of such improvements is that it is development pressure, itself, which creates the opportunity to leverage landscape conservation, but only if different interests can work together through negotiation and mutual support for creative permitting-rather than fighting each other in the face of those pressures.* Examples are projects in which denser, "smart" development is combined with permanent protection of open space, if not integration of that effort into recreation, water quality, and habitat protection.



Such integration rarely takes place without a collaborative effort among sometimes competing interests, including landowners, investors, land trusts, and the local and state agencies involved.

Hearing the experiences of those involved was critical in development of the 2002 work plan for the NE/EFC, and will continue to inform future work plan development. The report from the series could also be useful for individuals, organizations, or government bodies attempting to understand and address sprawl. For a copy of the report, go to <http://efc.muskie.usm.maine.edu/docs/RoundtableReport.pdf>

#### Taxation Inventory

The NE/EFC conducted an inventory of State programs that use taxation to influence growth patterns, and a report was produced. Current and proposed taxation systems and fees throughout the nation that aim to help direct growth away from sensitive natural resource and rural areas, toward designated or traditional growth areas, were identified. This work was conducted through a contract with the Maine State Planning Office, based on their intent to identify innovative taxation mechanisms they may wish to prepare for adoption in Maine. This effort may subsequently be expanded into an evaluation of relative success of each taxation system in directing growth patterns, and a set of recommendations about the most successful mechanisms and system characteristics.

For a copy of the survey of tax incentives, please go to: <http://efc.muskie.usm.maine.edu/docs/TaxInventory.pdf>

#### Tax Incentives Investigation

\_\_\_In collaboration with *The Nature Conservancy*, work was conducted by the NE/EFC to evaluate

existing and potential financial incentives and disincentives to developers who undertake Great American Neighborhood and other “smart growth” projects. These incentives and disincentives include tax benefits from acquisition costs and development expenses associated with such projects, and identification of avenues for low cost financing for such projects through low interest loans and/or third party loan guarantees. Other areas under investigation include possibilities for new tax and other business incentives to sell or donate the conservation areas of such projects to increase the financial return to the developer.

#### Model State Land Use Legislation

The NE/EFC completed the majority of an omnibus package of model state land use control legislation that aims to 1) address gaps in existing law that currently allow unfair and inequitable land use planning processes, 2) provide a detailed mechanism for substate regionalism that would redistribute land use authority more efficiently, 3) enable a precertification process for developments that meet certain smart growth criteria, and 4) require municipalities to authorize and facilitate anti-sprawl developments, e.g., clustered, planned unit, high density, and in-fill. Though tailored to Maine law, the language and components are generic enough that they may be used in any New England State or elsewhere.

For a copy of the Model State Land Use Legislation for New England, please go to: <http://efc.muskie.usm.maine.edu/docs/EFCModelLegislation.pdf>

#### High-Risk Loan Funding Initiative

Through partnering with the Finance Authority of Maine, the Maine State Housing Agency, and other finance authorities, a project was initiated to

study and evaluate state laws that may be inhibiting availability of funds for high risk smart residential/commercial development. Current work is identifying the best loan structures and terms to be used, helping State staff analyze budgetary streams affected by the proposed loans, establishing test market location, and identifying several developers who would accept a pilot loan to create demonstration smart growth projects. In addition, the project is examining opportunities for using innovative financing arrangements to cover some land trust costs to be incurred in the collaborative process.

#### Ecology and Design Course Module

Through the Muskie School of Public Service Master's program in Community Planning and Development, staff at the NE/EFC created and delivered an upper-level college and graduate-level teaching module in fundamental principles of conservation biology and landscape ecology and their role in local land use planning. The module will be made available on-line in a format useable by universities, conservation organizations, and other interested parties.

#### White Paper on Partnerships in Strategic Land Conservation

Through in-depth interviews with selected participants from the roundtable series mentioned earlier, the concept of strategic land conservation was explored and documented. In particular, a model was developed for how partnerships in development/conservation projects can be made more collaborative, with a focus on increasing financial benefits for each partner. Optimal roles of each needed player in strategic land protection efforts were described, along with when particular steps in a development/conservation partnership

are essential, and what specific financial benefits may be realized through approaching this optimum.

### INITIATIVES/PROPOSALS

#### Smart Growth Institute

At the end of 2002 and continuing into 2003, a proposal is being developed for a collaborative effort between the three northern New England States of Maine, New Hampshire, and Vermont to organize and design the content for a New England Smart Growth Institute (NESGI). If funded, collaborators from the three states will develop and test potential pedagogies, including concepts, principles, curriculum, technologies, and delivery systems for smart growth education and training. Various target audiences and costs for the development of the NESGI will be explored and identified. If funded, it is expected that in 2 years the structure, network, and teaching materials would be developed, tested, and ready to market.

#### Land Acquisition Priorities Advisory Committee (LAPAC) Coordination

At the end of 2002 and continuing into 2003, a proposal is being developed to design and lead an effort to formulate the State of Maine's priorities for land acquisition under the terms of a forthcoming \$100 million "Land for Maine's Future" bond issuance. All New England States are today contemplating or undertaking major land acquisition programs, and the effort here will be designed as a model for use elsewhere, incorporating sound ecological, economic, and social principles.

### Environmental Valuation

At the end of 2002 and continuing into 2003, a proposal is being developed to identify examples of land conservation decisions around New England where economic information, especially non-market information may be of importance in these decisions. Funding is being pursued to examine how economic value information is being used and could be used more widely to make conservation decisions. Specifically, the proposed project would use the recently completed National Survey on Recreation and the Environment to develop a profile of recreational use throughout New England, and articulate the implications of this profile for open space valuation in conservation and development contexts.

### GIS Inventory of Protected Lands Data

For several years EPA Region 1 has recognized that among the factors preventing sound land use planning in New England is the absence of high quality, standardized geographic data about which lands are protected and which are available and appropriate for development. To address this need, in Fall 2001 the New England Environmental Finance Center at the Muskie School of Public Service, University of Southern Maine sponsored a study on the feasibility of developing a New England-wide inventory of protected lands for Geographic Information Systems. Over 50 agencies and individuals involved in GIS management in New England were interviewed, and a comprehensive assessment of the status of protected lands data in New England was provided by the Boston firm Applied Geographics, Inc. The conclusion was that while it is both feasible and highly desirable to develop the inventory, most of the possible benefits will not be realized unless considerable data standardization and enhancement

occurs simultaneously in each New England state. In 2002 the NE/EFC submitted proposals to continue this project. Current goals include:

- Develop regional standards and definitions for protected lands data through a series of meetings with GIS managers throughout New England, and support networking among agencies and organizations. The meetings would be critical in establishing regional standards for protected lands data definitions, collection, attribution, documentation, integration, storage, quality, access, security, and maintenance.
- Create a preliminary web portal as a means of illustrating goals of the perpetual inventory, including online uptake of local changes in status of individual parcels.
- Work with State agency staff to identify incentives that would effectively elicit local data entry and to determine initial and ongoing costs.
- Develop a work plan to secure these funds from a variety of sources, primarily Federal; ensure implementation of incentive programs; and ensure that data uptake and authorization is functioning throughout the six-state “virtual state.”

For a copy of the GIS Inventory, please go to [http://efc.muskie.usm.maine.edu/gis\\_feasibility\\_study.pdf](http://efc.muskie.usm.maine.edu/gis_feasibility_study.pdf)

### Public Management and Finance Program

Most problems in local governments involve issues of public finance, or “how to pay.” To plan for the future well being of rural communities, it is

imperative that decision-makers and public managers manage resources in a manner that effectively responds to community needs. It is also critical for constituency groups of the communities to be integrated into the planning and implementation processes to promote “ownership” in shaping the future.

In collaboration with several other EFCs and with the Region 2 EFC in New York taking the lead, a proposal was submitted to USDA to fund continuation and expansion of the Public Management and Finance Program (PMFP). In numerous communities in Region 2, the PMFP has brought technical assistance providers together to more efficiently deliver technical assistance to rural communities. It has also helped promote learning and application of integrated approaches to addressing environmental concerns of rural communities, and provided hands-on technical assistance to rural communities through development of teams of technical assistance providers. The teams are composed of representatives from accomplished nonprofit, academic, government, and private organizations that have established histories in providing technical assistance to rural communities.

In Maine, substantial gaps in coordination exist between providers of technical assistance to rural communities. If PMFP expansion is funded (through a pending request to USDA), the program will be established on a pilot basis in three rural Maine communities, and opportunities for expansion of the program in Maine will be examined. It is expected that strengths of the EFC Network would be invaluable in this collaborative effort (e.g., specific experiences of the Region 2 EFC among others would help the Maine PMFP develop more efficiently).

## PRESENTATIONS - CONFERENCES - MEETINGS

- ▶ At the invitation of the New England Governors’ Conference, met with environmental commissioners/secretaries of each New England state and EPA/New England Regional Administrator Robert Varney, to discuss the mission and capabilities of the NE/EFC and the EFC Network (Chelmsford MA).
- ▶ Organized and conducted six roundtable discussions to identify obstacles to innovations in conservation/development projects in New England and specific tasks that could address these obstacles (Freeport, ME; Topsfield, MA; Haddam, CT; Montpelier, VT; Concord, NH; Chepachet, RI).
- ▶ Gave a presentation to the Connecticut Developers Council to describe the EFC Network and the NE/EFC. Through a discussion that followed, issues of particular concern to residential developers attempting to implement smart growth projects were identified (New Haven, CT).
- ▶ Gave a presentation to the steering committee of the Maine Land Trust Network to describe the EFC Network and the NE/EFC. Through a discussion that followed, issues of particular concern to land trusts attempting to become involved in smart growth projects were identified (Augusta, ME).
- ▶ Hosted a meeting with a dozen GIS officials from various agencies and nonprofit groups in Maine, to assess interest in and develop a political and financial strategy to move forward with a New England-wide online protected lands inventory for GIS (Augusta, ME).

- ▶ Gave a presentation to the New Hampshire Conservation GIS Consortium on our protected lands initiative for GIS; participated in their ½ –day strategy conference (Concord, NH).
- ▶ As one of a few selected attendees, participated in a smart growth policy forum at the Lincoln Institute for Land Policy. Discussed current status of smart growth efforts throughout New England and identified possible areas for future research and collaboration with the NE/EFC (Cambridge, MA).

#### **ABOUT THE ENVIRONMENTAL FINANCE CENTER NETWORK**

The Environmental Finance Center at the University of Southern Maine is one of a group of university-based centers that concentrate on challenges facing the financing of environmental services. The U.S. Environmental Protection Agency established the centers in order to bring the work of universities directly to bear on local environmental problems. For more information on the Environmental Finance Center network, see [www.epa.gov/efinpage](http://www.epa.gov/efinpage)

\_\_For more information about the NE/EFC, see <http://efc.muskie.usm.maine.edu>, or call Professor Richard Barringer, Director, at 207-780-4418, or Sam Merrill, Projects Director, at 207-228-8596.